

## U.S. Mint

### Performance Report for FY2001

Actual Performance Figures are in **bold**, Final Targets are in plain text, and Proposed Targets and Projected Actuals are *italicized*.  
Targets which were not met are shown in red.

**Mission:** The mission of the United States Mint is to manufacture the highest quality circulating, numismatic, and bullion coins at the lowest possible cost and to deliver them in a timely manner...to expand our markets through exceptional customer service, product development, and innovative marketing... to sell numismatic and bullion products at a reasonable price and profit, and to provide security over assets entrusted to us.

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#### **Budget Activity:** Circulating Coinage

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##### **Performance Goal:**

Meet Federal Reserve Bank (FRB) circulating coin inventory requirements

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Plan</b>	<b>FY2001 Actual</b>
View Definition and Validation Frequency of time meeting a minimum, seasonal-adjusted inventory level		<b>100%</b>	100%	<b>100%</b>

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##### **Performance Goal:**

By 2005, reduce the controllable cost of circulating coinage by 15% (excluding metal costs).

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Plan</b>	<b>FY2001 Actual</b>
View Definition and Validation Conversion Cost to produce 1000 coin equivalents	<b>\$9.87</b>	<b>\$7.5</b>	\$9.22	<b>\$8.33</b>

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#### **Budget Activity:** Numismatic and Bullion Coinage

**Performance Goal:**

Customer Service Standards associated with this budget activity

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Plan</b>	<b>FY2001 Actual</b>
Percentage of bullion coins made available within six calendar days from the order date.	100%	100% <div>View Explanation</div>	100%	100%

**Performance Goal:**

Maintain a high level of customer satisfaction by meeting customer service standards.

<u>Performance Measure(s):</u>	FY1999 Actual	FY2000 Actual	FY2001 Plan	FY2001 Actual
<a href="#">View Definition and Validation</a> American Customer Satisfaction Index score of 85%	86%	84%	85%	88%

<a href="#">View Definition and Validation</a> Percentage of commemorative coins shipped within standard		87%	98%	89% <a href="#">View Explanation</a>
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<a href="#">View Definition and Validation</a> Percent of recurring coin products shipped within standard		90%	98%	85% <a href="#">View Explanation</a>
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**Performance Goal:**

Deliver 15% profit margin on numismatic products and 2% profit margin on bullion (excluding circulating commemoratives).

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Plan</b>	<b>FY2001 Actual</b>
<a href="#">View Definition and Validation</a> Numismatic profit margin for bullion	1.7%	1.9%	2%	-0.2%
				<a href="#">View Explanation</a>

<a href="#">View Definition and Validation</a> Numismatic profit margin for non-bullion	22%	32%	15%	24%
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**Budget Activity:** Protection of Assets

**Performance Goal:**

Eliminate losses of Treasury owned bullion reserves.

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Plan</b>	<b>FY2001 Actual</b>
<a href="#">View Definition and Validation</a>				
Dollar losses of Reserve Value	\$0	\$0	\$0	\$0

[Return to Main Report](#)

### **Performance Measure**

Frequency of time meeting a minimum, seasonal-adjusted inventory level

#### **Definition and Validation**

This measure is used to evaluate the Mint's ability to meet the minimum inventory levels required by the Federal Reserve Bank (FRB), including inventory levels sufficient to respond rapidly to seasonal changes in levels of economic activity. Data to measure performance is obtained from the Mint and FRB coin inventory reports.

Validation: An analysis of Mint and FRB coin inventory is performed to compute the frequency of the time the Mint meets the minimum inventory levels. Coins are physically counted by the Mint, FRB and armored carriers to ensure validity.

Data Accuracy: Reasonable Accuracy.

[Return to Main Report](#)

### **Performance Measure**

Conversion Cost to produce 1000 coin equivalents

#### **Definition and Validation**

This measure is used to indicate the cost-efficiency of the Mint's circulating coinage production. The coin equivalent methodology assigns a weighting for each denomination based on the resources it takes to make the coin from blank or coin strip. This measure is calculated by multiplying the shipment of coins for each denomination by the equivalency factor resulting with equivalized coin production. Total costs to produce coins are then divided by the equivalized production to derive the weighted average cost. This coin equivalent methodology negates the effect of changes in product mix.

Verification: This data is validated through a verification of Mint cost and production records and is reviewed by senior Mint management.

Data Accuracy: Reasonable Accuracy.

[Return to Main Report](#)

### **Performance Measure**

American Customer Satisfaction Index score of 85%

#### **Definition and Validation**

Definition: The American Customer Satisfaction Index (ACSI) is an indicator that measures customer satisfaction. The ACSI was developed by the National Quality Research Center at the University of Michigan Business School. It measures seven industry sectors and 34 specific industries. The sectors are defined using one-digit Standard Industrial Classification (SIC) codes. The Mint falls under the SIC 9 code, public administration and government. This is a measure of the U.S. Mint's customer satisfaction rating, performed by a third party, and based on input from our customers.

Verification and Validation: The ACSI is updated and published quarterly with the results appearing on the ACSI web site at <http://acsi.asp.org/>.

Data Accuracy: Reasonable Accuracy.

[Return to Main Report](#)

### **Performance Measure**

Percentage of commemorative coins shipped within standard

#### **Definition and Validation**

Definition: This measure is used to evaluate the timeliness in filling customer orders. The published turnaround time standard is four weeks for commemorative programs. The Mint continues to focus on customer service by accelerating order fulfillment. The Mint does a weekly order fulfillment analysis of coin orders shipped to customers within 2, 3, 4, and 5 weeks. This analysis allows the Mint to determine how often coin orders are shipped within the published turnaround time standards. This result includes orders placed and filled under the old system as well as orders placed and filled with the new

eSP system. Orders received in the old system and shipped via eSP are not included due to difficulty in accurately measuring the results for that time period (approximately the month of August, 2001).

Data Accuracy: Reasonable Accuracy

[Return to Main Report](#)

#### **Performance Measure**

Percent of recurring coin products shipped within standard

#### **Definition and Validation**

Definition: This measure is used to evaluate the timeliness in filling customer orders. The published turnaround time standard is three weeks for recurring coin products. The Mint continues to focus on customer service by accelerating order fulfillment. The Mint does a weekly order fulfillment analysis of coin orders shipped to customers within 2, 3, 4, and 5 weeks. This analysis allows the Mint to determine how often coin orders are shipped within the published turnaround time standards. This result includes orders placed and filled under the old system as well as orders placed and filled with the new eSP system. Orders received in the old system and shipped via eSP are not included due to the difficulty in accurately measuring the results for that time period (approximately the month of August, 2001).

Data Accuracy: Reasonable Accuracy

[Return to Main Report](#)

#### **Performance Measure**

Numismatic profit margin for bullion

#### **Definition and Validation**

Definition: This measure compares the Numismatic profit margin - defined here as the excess of sales less all expenses other than G&A - for bullion as a percentage of bullion sales. The Mint uses this measure to evaluate how well this program covers G&A expenses. To define the plan, a determination was made both on sales and the percentage of "non-G&A" costs, based on historical experience.

Verification and Validation: Contribution margin is calculated based on the Mint's historical records. Source data for the actual revenue and the contribution margin are audited financial statements, ensuring verifiable and valid data. Actual revenue and contribution margins are believed to be accurate.

Data Accuracy: Reasonable Accuracy.

[Return to Main Report](#)

#### **Performance Measure**

Numismatic profit margin for non-bullion

#### **Definition and Validation**

Definition: This measure compares the Numismatic profit margin - defined here as the excess of sales less all expenses other than G&A - for non-bullion as a percentage of non-bullion sales. The Mint uses this measure to evaluate how well this program covers G&A expenses. To define the plan, a determination was made both on sales and the percentage of "non-G&A" costs, based on historical experience.

Verification and Validation: Contribution margin is calculated based on the Mint's historical records. Source data for the actual revenue and the contribution margin are audited financial statements, ensuring verifiable and valid data. Actual revenue and contribution margins are believed to be accurate.

Data Accuracy: Reasonable Accuracy.

[Return to Main Report](#)

#### **Performance Measure**

Dollar losses of Reserve Value

#### **Definition and Validation**

Definition: Dollar losses of reserve value compares the market value of annual losses with the market value of the protected monetary assets held by the Mint. The Mint's goal is to provide a level of security commensurate with changing threats to protect Mint human and physical resources and the assets of the United States. A loss has been defined as, "The cumulative actual Government and physical monetary loss that has been: 1) reported, 2) investigated, and 3) verified as unrecoverable". Reserve value is custodial gold and silver reserves and operating gold and silver from inventory as stated in Mint annual financial statements. The plan is based on historical experience and reflects a low tolerance ratio.

Verification and Validation: Losses and reserve value are taken from the Mint's financial and non-financial records which are reviewed by auditors and Mint senior management. This ensures the data is verifiable and valid.

Data Accuracy: Reasonable Accuracy.



[Return to Main Report](#)

**Explanation:FY2000**

**Performance**

**Measure:**

Percentage of bullion coins made available within six calendar days from the order date.

The goal was attained due to low demand for bullion coins and to the allocation system used with the authorized purchasers.

[Return to Main Report](#)

**Explanation:FY2001**

**Performance**

**Measure:**

Percentage of commemorative coins shipped within standard

The main reason that this measure was not met was the Buffalo Commemorative coin program's quick sellout. The backorder situation that developed from the Buffalo Coin sell-out made it impossible to meet this measure. The Capitol Visitor Center program experienced start-up production problems resulting in a delay in shipment. The eSP system will address these issues. Order fulfillment time will be reduced via the centralized pick and pack operation. Also, on-line subscription programs will provide the Mint with more information and will lead to better inventory planning and management.

[Return to Main Report](#)

**Explanation:FY2001**

**Performance**

**Measure:**

Percent of recurring coin products shipped within standard

The main reason that this measure was not met was the 2000 Silver Proof delay. Legislation was necessary in order to include the Golden Dollar in the year 2000 silver proof set. This requirement resulted in delays early in FY 2001, and caused silver proof set fulfillment within standard to be only 52%. The eSP system will improve performance to this target. Order fulfillment time will be reduced via the centralized pick and pack operation. Also, on-line subscription programs will provide the Mint with more information and will lead to better inventory planning and management.

[Return to Main Report](#)

**Explanation:FY2001**

**Performance**

**Measure:**

Numismatic profit margin for bullion

The Mint did not meet this target for a number of reasons. Bullion revenues decreased from FY 2000 by 19%. The Mint was not able to react rapidly react to the downturn in market demand provided less margin (or total revenues less cost of metal) to cover operating and other costs. These other costs were amplified by one-time write-offs to revalue inventory at lower cost standards and to charge the program for costs to refine and fabricate coins (precious metals) with prior year dates for which there is not market demand. These changes for the inventory revaluation and coin refining negatively impacted the program by approximately \$2.9 million, or 1.9% revenue.